

The complaint

Mr and Mrs R said that their previous mortgage offer with Barclays Bank UK PLC stated their mortgage can be ported. But they complain that when they asked to do this in 2015, Barclays refused. So they had to take new borrowing at a higher rate.

What happened

Whilst this complaint is brought by both Mr and Mrs R, as the mortgage is in both their names, our dealings have been with Mr R. So I'll mainly refer to him in this decision.

Mr and Mrs R took out a mortgage with Barclays in 2007. They understood this mortgage could be ported in future. In 2015, they wanted to move house, but Barclays told them they couldn't port their existing mortgage after all. Barclays told Mr R he had to get a Barclays international mortgage instead, because some of his income wasn't denominated in UK currency (referred to as "GBP" hereafter).

Mr R said two things didn't make sense. One was that the position of his income hadn't changed – he was paid in the same overseas currency in 2015 and in 2007, when he originally took out this lending. And the other was that, although he had to deal with a different team within Barclays, he still ended up with an ordinary retail mortgage, granted by Barclays through its "Woolwich" brand.

Mr R said he was worse off because of what Barclays had done. The original lending was at 1.45%, but it then went up to 2.49% on around £230,000 of lending. He thought Barclays should pay back the additional interest it had charged, reduce the cost of lending going forward, and pay some compensation.

Mr R said he'd tried to pursue this a number of times over the years, but Barclays had just fended him off. He wanted us to look into this now. Our service has already set out for Mr R that he's too late to ask us to look at the sale of his first mortgage in 2007, but we can consider what happened when he and Mrs R asked Barclays to port their mortgage in 2015.

Barclays has shown us the mortgage offer it sent to Mr and Mrs R in 2007, and then in 2015.

The 2007 offer had an initial fixed interest rate period which had expired by 2015, and it then charged interest at a variable rate of 0.95% above the Barclays base rate. It also said this –

"What happens if you move house? You can keep this mortgage if you move to another property provided that you still meet our lending criteria at that time."

Mr R's 2015 mortgage offer was on a variable rate of 1.99% above Barclays base rate. Barclays base rate was then 0.5%, which fits with Mr R's comment that his rate increased from 1.45% (Base rate plus 0.95%) to 2.49% (base rate plus 1.99%).

When Mr R complained, Barclays said it was confident that the correct process had been followed in 2015. It said Mr R wasn't able to port his mortgage then because he didn't meet the underwriting criteria, and his income wasn't paid in GBP. But it did think it had

complicated things for him, by asking him to deal with a different section of the bank for his mortgage. It offered to pay £300 to settle his complaint, and later increased this to £450. Mr R didn't want to accept that.

Our investigator didn't think this complaint should be upheld. She said Barclays had confirmed Mr and Mrs R were unable to port the mortgage in 2015 due to the underwriting criteria at the time, and Mr R's non UK income, which is why a new product was selected. Our investigator said a lender is entitled to decide how it sets its policies and procedures, and these can change over time.

Mr R replied to repeat that he had been paid in the same currency in 2007, and also that the mortgage he and Mrs R were eventually given was still a UK retail mortgage from Barclays Bank UK PLC, not from an international or offshore part of the Barclays group.

Mr R wanted this complaint to be considered by an ombudsman, so it was passed to me for a final decision. And I then reached my first provisional decision on this case.

My first provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

When this complaint came to me, I asked Barclays to explain why Mr and Mrs R weren't able to port their mortgage, and were told they would need to apply through a specialist team, but were then able to secure an ordinary UK mortgage with Barclays' UK retail arm.

Barclays said Mr and Mrs R's original mortgage was a standard residential mortgage, based on both parties being UK resident and having an income paid in GBP. But this mortgage was different. Mr and Mrs R wanted to take out additional borrowing, and they needed to use non-GBP income to support that borrowing. For that reason, Barclays said their application had to be processed by a different team.

Barclays has sent us a policy document which states "*Porting is not allowed between different jurisdictions and a new application using current rates must be progressed.*" Barclays now relies on this in support of its decision not to allow Mr and Mrs R to port their old mortgage.

Our service cannot look at a complaint about the sale of Mr R's mortgage in 2007, because it's now too late. However, insofar as it is relevant to Mr R's current complaint, I don't think it's likely Barclays didn't know in 2007 that Mr R was paid in a foreign currency. Mr R has shown us payslips which make clear he was not paid in GBP in 2007. He's also shown us a request for payslips from Barclays to support the 2007 lending, so it seems likely Barclays was aware of this then. I do not think this is key to Mr R's complaint, I include it solely so that there is no suggestion here that Mr R misled Barclays when he took out his first mortgage.

It isn't unusual for lending criteria to change over time, so Barclays could have changed its approach to lending when someone's relying on overseas income, by the time of Mr R's second application in 2015. But that doesn't seem to be what actually happened here. Barclays didn't refuse to lend to Mr R then. It just said he had to talk to a different team.

I understand that Mr R was expecting this different team would offer him an offshore or international mortgage, from a different part of the Barclays group. But that isn't what

happened either. He got an ordinary UK retail mortgage, from Barclays' "Woolwich" brand.

I also note that Mr and Mrs R's mortgage has not ported across jurisdictions, as Barclays suggested most recently. Mr and Mrs R got a UK mortgage, from Barclays Bank UK PLC, in 2007, and they got another UK mortgage, from Barclays Bank UK PLC, in 2015. The 2015 mortgage has simply been dealt with by a different team within the same bank.

I don't think the information and policy that Barclays has shared with us explains its decision not to allow Mr and Mrs R to port their mortgage. It seems, on the evidence I've seen so far, as if all Barclays has done is to refer Mr and Mrs R to a different team within its own UK business. That team has agreed a new mortgage for Mr R, with the same bank, so he clearly did meet the underwriting criteria of one part of Barclays. The refusal to allow Mr and Mrs R to port their mortgage seems, on what I've seen so far, to have been made solely because Barclays had decided to administer mortgages like theirs through a different team.

Although Barclays may wish to offer more evidence on this point, on what I've seen so far I don't think it was fair and reasonable for Barclays to decide not to allow Mr and Mrs R to port their mortgage.

I understand that Mr and Mrs R have now moved their mortgage elsewhere. So I currently think Barclays should rework Mr and Mrs R's 2015 borrowing, to put Mr and Mrs R in the position they would have been in if they had been able to port their pre-existing borrowing to their new property in 2015. It should reduce the interest rate payable on the amount of the pre-existing lending to that which was charged on the 2007 mortgage, from the date that the old mortgage was redeemed, to the date that their 2015 mortgage was redeemed and their borrowing moved elsewhere. Barclays should also reimburse any fees and charges it applied in 2015 when the 2007 lending was redeemed and new lending taken out, which would not have been charged if that lending had been ported.

Where Barclays needs to make a refund to Mr and Mrs R as a result of this reworking, it should add interest at 8% simple on that refund, from the date of the original overpayment to the date that this money is repaid to Mr and Mrs R. Barclays is required to take tax off this payment of interest, and I will include provision for that in my award.

I note that Barclays has also accepted that having his mortgage administered through a different team has caused Mr R considerable inconvenience over the years. It has offered a payment of £450 to make up for that. I think that provides a fair and reasonable outcome to that part of Mr and Mrs R's complaint, and as I understand that has not yet been paid, I will include that in my award.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Barclays replied, but Mr and Mrs R did not. I considered this response, and then set out a second provisional decision on this case.

My second provisional decision

I issued a second provisional decision on this complaint and explained that I still proposed to uphold it, but I now thought the same outcome should be achieved in a slightly different way. This is what I said then:

Barclays hasn't offered any argument against the core of my decision, above, that it ought to have allowed Mr and Mrs R to port their mortgage in 2015. But it did say that it would be difficult now to put Mr and Mrs R back in the position they would have been in, in 2015 and subsequently, if they had been allowed to port their existing mortgage then.

Barclays said that in 2015, Mr and Mrs R took out new borrowing, on an offset mortgage which offered a lifetime tracker. But if Mr and Mrs R had been able to port their pre-existing mortgage in 2015, then they would have had to choose a non-offset mortgage for their additional lending. Barclays said they wouldn't have been able to take an offset mortgage for their additional borrowing but leave their previous borrowing on the old, non-offset, mortgage (as Barclays doesn't let customers mix and match offset and non-offset mortgage products).

Barclays hasn't told our service whether Mr and Mrs R made use of the offset facility on their mortgage, but if they did make extensive use of this facility, it's not clear that Mr and Mrs R would have been better off porting their existing borrowing, in 2015. It's also not clear what choices Mr and Mrs R may have made in 2015, if they had been able to port their existing borrowing, and had not been able to choose an offset lifetime tracker mortgage.

So Barclays said it couldn't simply rework Mr and Mrs R's mortgage, as it didn't know what choices they might have made in 2015, and thereafter.

I've considered what Barclays has said carefully, and I think the fairest way to put Mr and Mrs R back in the situation they would have been in, if they had been allowed to port their mortgage in 2015, is for Barclays to send them full details of relevant rates which they could have chosen for their additional lending in 2015 and subsequently, then allow Mr and Mrs R to set out the choices they would have made in 2015 and subsequently, about their mortgage. And, as I said previously, I still think this redress should run up until the time that Mr and Mrs R chose to move their mortgage elsewhere.

If Mr and Mrs R do accept this final decision, then Barclays must send this information to Mr and Mrs R within one calendar month of the date of the acceptance of my decision.

Mr and Mrs R must reply, with their choices, within two calendar months of the date of the acceptance of my decision.

Barclays should then rework Mr and Mrs R's mortgage, as I have already suggested, on the basis of these decisions.

If Barclays needs to make a refund to Mr and Mrs R as a result of this reworking, then it should be paid to Mr and Mrs R within three calendar months of the acceptance of my decision. That refund should also still attract interest at 8% simple, to be worked out from the date of the original overpayment to the date that this money is repaid to Mr and Mrs R, and to be paid to them at the same time as any refund due.

I also still think that Barclays should pay £450 in compensation, which should be paid within one calendar month of the acceptance of my decision.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Mr R replied on behalf of himself and Mrs R. He thanked our service for the work it had done to resolve this for them.

Mr R said he had at one point accepted a small payment from Barclays, which he said was for some problems he'd had with his account. He told us that even trying to change his address was frustratingly difficult, because there was an international marker on his account that made even the easiest transaction difficult. Mr R said his recollection was that this payment didn't relate to the specific issue around the mortgage, but he wanted to make sure our service was aware of this.

I haven't been able to see that the payment of £450, which Barclays offered in its complaint response letter dated 25 March 2021, has been paid. So I included this in my award. But in the light of what Mr R has now said, I will allow Barclays to count that specific payment towards the award in this case, if it has in fact since been made.

Mr R said he'd spent a lot of time trying to sort out the problems with this mortgage, and he thought Barclays had frustrated his attempts to resolve the matter. He felt that Barclays had been disingenuous in its dealings with him. So he thought our service should make a punitive award, either to him, or to a charity of his choosing, as a way of attempting to deter Barclays from behaving in the same way in the future.

I appreciate that Mr R feels very strongly about this case, and that he and Mrs R have now chosen to move their mortgage elsewhere. But our service isn't a regulator. We provide an informal dispute resolution service, looking at the issues raised in a specific case. And even if I did consider it would be appropriate to do so, I don't have powers to make punitive awards.

Mr R said he didn't think he and Mrs R had made much use of the offset facility of their mortgage, but given the added complications that I had explained, he agreed that the revised proposal was the best solution.

Barclays replied to say it was happy to accept my revised proposal. It said it would work with Mr and Mrs R to understand what options they would have chosen until the mortgage was redeemed. Barclays said that at that time, its customers could switch their rate up to 90 days in advance of their rate ending, and Barclays would take this into consideration when offering eligible rates.

Barclays said it understood why I thought it would be appropriate to move to a final decision, but it said it would be willing to meet the settlement requirements as outlined in the latest provisional decision, without that being finalised. I have considered this suggestion, but I think, looking at the circumstances of this complaint in full, it's just not appropriate here to seek to resolve this issue through informal means.

For the above reasons, I haven't changed my mind. I'll now make the decision I originally proposed, although I will also provide that if Barclays did make the payment of £450 offered in its letter of 25 March 2021, it doesn't need to pay that again.

My final decision

My final decision is that Barclays Bank UK PLC must provide Mr and Mrs R with the information to choose how they wish their mortgage to be reworked, as set out in my decision above, and Mr and Mrs R must reply with their choices, again as set out in my decision above.

Barclays Bank UK PLC must then rework Mr and Mrs R's mortgage, to put them in the position they would have been in if they had been able to port their existing mortgage in 2015. This reworking should take effect up until the date that Mr and Mrs R redeemed their mortgage with Barclays Bank UK PLC.

Barclays Bank UK PLC should pay interest on any refund at 8% simple, from the date of each overpayment to the date the refund is paid. HM Revenue and Customs requires Barclays Bank UK PLC to take off tax from this interest. Barclays Bank UK PLC must give Mr and Mrs R a certificate showing how much tax it's taken off if they ask for one.

Barclays Bank UK PLC must also pay Mr and Mrs R £450 in compensation, unless, as set out in my decision, it has already made this payment to Mr and Mrs R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 28 February 2023.

Esther Absalom-Gough
Ombudsman